

# **Washington State Auditor's Office**

## **Audit Report**

### **Audit Services**

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Report No. 5788

#### **OFFICE OF MINORITY AND WOMEN'S BUSINESS ENTERPRISES**

Agency No. 147

July 1, 1994 Through June 30, 1996

Issue Date: March 14, 1997

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# OFFICE OF MINORITY AND WOMEN'S BUSINESS ENTERPRISES

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## Overview

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We performed the statewide single audit of the state of Washington for the fiscal year ended June 30, 1996. In accordance with the Single Audit Act of 1984, we audited the state as an entity, rather than each agency separately. The results of this audit will be published in a statewide single audit report which includes the following:

- An opinion on the financial statements.
- A report on internal control structure-related matters based solely on an assessment of control risk made as part of the audit of the financial statements.
- A report on compliance with laws and regulations that may have a material effect on the financial statements.
- An opinion on supplementary Schedule of Federal Financial Assistance.
- A report on internal controls over federal financial assistance.
- An opinion on compliance with specific requirements applicable to major federal financial assistance programs.
- A report on compliance with general requirements applicable to federal financial assistance programs.
- A report on compliance with laws and regulations applicable to nonmajor federal financial assistance program transactions tested.
- A Schedule of Findings and Schedule of Questioned Costs.

The work performed at the Office of Minority and Women's Business Enterprises included procedures to satisfy the requirements of the 1996 statewide single audit and supplemental reviews and tests deemed necessary in the circumstances.

In addition, we performed the audit of the Office of Minority and Women's Business Enterprises for the fiscal year ended June 30, 1995, as part of the statewide single audit of the state as an entity. The results of this audit have been published in a statewide single audit report dated May 15, 1996. Our audit for fiscal year 1995 included procedures to express opinions on the state's general purpose financial statements and tests deemed necessary in the circumstances.

There is one finding, which is listed in the Schedule of Findings following this Overview, for the Office of Minority and Women's Business Enterprises.

Brian Sonntag, CGFM  
State Auditor

January 28, 1997

# OFFICE OF MINORITY AND WOMEN'S BUSINESS ENTERPRISES

Agency No. 147

July 1, 1994 Through June 30, 1996

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## Schedule Of Findings

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1. The Office Of Minority And Women's Business Enterprises (OMWBE) Should Issue Mandated Reports On A Timely Basis

OMWBE did not publish timely its annual report to the governor and the Legislature for fiscal years 1993 through 1995. In addition, for the same period the agency did not provide timely a listing of all agencies and educational institutions not in compliance with OMWBE requirements. This listing is distributed to the Governor, the State Auditor, and the Joint Legislative Audit and Review Committee.

RCW 39.19.030(8) provides that OMWBE shall:

Submit an annual report to the governor and the legislature outlining the progress in implementing this chapter.

RCW 39.19.060 states in part:

The office (OMWBE) shall annually notify the governor, the state auditor, and the joint legislative audit and review committee of all agencies and educational institutions not in compliance with this chapter.

The untimeliness of the reports to the designated state offices and the Legislature eliminates the opportunity for their timely follow-up.

OMWBE management states that major contributing factors to the agency's inability to produce and distribute timely reports were: 1) the necessity of internal reassignment of the data processing function, 2) the requirement to convert the agency's data processing to a different and more functional system, and 3) the necessity of providing computer and staff resources for the state disparity study.

We recommend that OMWBE provide timely annual reports and notification to proper authorities as required by statute.

### Auditee's Response

*It is a fact that we did not publish timely our annual report for Fiscal Years 1993 through 1995. You have covered the major contributing factors for the inability to produce and distribute those reports in a timely fashion.*

*However, I wish to add an important clarification. In fact, although timely annual reports were not published and distributed to the Governor, Legislature and State Auditor, with a few exceptions monthly*

*reports were provided to all state agencies and higher education institutions during the noted time period. These reports detail each organization's current status in meeting the OMWBE purchasing and contracting goals. The frequency of these reports is intended to allow the agencies and institutions to take appropriate and timely steps to improve goal attainment. It also facilitates a closer working relationship between those organization and OMWBE, allowing us to maximize the provision of assistance.*

*I am pleased to say that the factors contributing to our inability to complete timely annual reports are nearly resolved, and we have developed a written plan to ensure timely production and distribution in the future.*

#### Auditor's Concluding Remarks

We appreciate the agency's commitment to resolving the issues noted in our finding. We will review the agency's corrective action in our next regular audit.